

FILE ONLY

IRAN ARMS - CIA

The secret sale of arms to Iran may have started with a deputy director of the CIA who, after making one deal on his own, demanded and received presidential approval for further deals, The New York Daily News said Sunday.

The deputy director, John McMahon, 57, has since left the CIA, and may have been forced out for reasons relating to the arms sales, Sunday's Daily News reported, citing Sen. Daniel Moynihan, D-N.Y. as its source.

McMahon, a 34-year CIA veteran, initiated secret weapons sales to Iran via Israel last November and then insisted that President Reagan authorize future deals, which the president did the following January, the paper reported, citing unnamed intelligence sources.

In November, 1985, while CIA director William Casey was in China, McMahon authorized a request to use a Southern Air Transport to fly materials which he thought were oil-drilling materials, to Israel, the sources told the paper.

The reported suggested that McMahon knew at some point that the shipments involved arms bound for Iran, which would have violated a presidential embargo on arms to Iran in place at the time.

The former deputy director then insisted that President Reagan issue a formal "finding" to authorize secret shipments, which the president did on Jan. 17 of this year in the form of a directive to Casey.

The directive, which lifted the embargo, ordered Casey not to report the sales to Congress, the News said.

About two months later, McMahon retired from the CIA, and the intelligence sources, along with Sen. Moynihan, believe he was forced out, the News said.

Richard Helms, a former CIA director who knew McMahon, said McMahon left for personal reasons, the article said.

McMahon now works as an executive vice-president for the Lockheed Corp. in California.